



AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN
6105 W. ST. JOSEPH, SUITE 204, LANSING, MICHIGAN 48917

TESTIMONY OF MARY ABLAN, MA, MSW
BEFORE THE SENATE INSURANCE COMMITTEE
January 29, 2013

- AAAAM appreciates Section 5805(4) in Senate Bill 62 that preserves the Blue Cross Escheats program. This program funds in-home and community-based services throughout the state that prevents unnecessary institutionalization.
- Senate Bills 61 & 62 do protect seniors and people with disabilities needing affordable Medigap insurance, but only through July of 2016. After that date, these vulnerable groups will face large rate hikes to the tune of thousands of dollars a year.
- No data exists on the incomes of Blue Cross Medigap customers. But according to America's Health Insurance Plans (AHIP), half of Medigap policyholders have annual incomes below \$30,000 and two-thirds of rural policyholders fall below \$30,000.
- Access to Medigap insurance is protected through July of 2016, because of Attorney General Bill Schuette's agreement with BCBSM. After that date, thousands of people with pre-existing conditions will find it impossible to purchase a Medigap policy. This will include individuals with Multiple Sclerosis, ALS, End-Stage Renal Disease, Parkinson's, Alzheimer's and other conditions. Senate Bills 61 & 62 do not correct this problem.
- AAAAM respectfully requests a seat on the Michigan Health Endowment Fund board created in Senate Bill 61. As the network responsible for creating a system of services for older Michiganians, we are in the best position to know which programs exist already, and which need the assistance of the endowment fund.
- Please conduct more hearings so that seniors and people with disabilities affected by these bills can present their concerns in person. Many affected became aware of these proposals after the lame duck session ended, and they would like to voice their concerns to the Legislature. They were not able to attend today's hearing.

LANGUAGE DRAFTED BY ATTORNEY GENERAL'S OFFICE TO
PROTECT SENIORS AND PEOPLE WITH DISABILITIES

[SEC. 5805]

(3) A NONPROFIT MUTUAL DISABILITY INSURER THAT HAS MERGED WITH A NONPROFIT HEALTH CARE CORPORATION AS DESCRIBED IN SUBSECTION (1) SHALL CONTINUE TO OFFER SUPPLEMENTAL COVERAGE TO ALL MEDICARE ENROLLEES AS PROVIDED IN CHAPTER 38. NOTWITHSTANDING ANY CONTRARY PROVISIONS IN CHAPTER 38 OR THIS ACT, THE MEDICARE SUPPLEMENTAL COVERAGE OFFERED BY THE NONPROFIT MUTUAL DISABILITY INSURER: (A) SHALL BE OFFERED ON A GUARANTEED ISSUE BASIS TO ELIGIBLE APPLICANTS; (B) SHALL BE COMMUNITY RATED; (C) MAY BENEFIT FROM COST TRANSFERS IN AN AMOUNT ESTABLISHED BY THE COMMISSIONER THAT ANNUALLY SHALL NOT EXCEED 1% OF THE COMPANY'S TOTAL REVENUES, DEFINED TO INCLUDE BOTH INSURED BUSINESS REVENUES AND REVENUES ATTRIBUTABLE TO FEES, REIMBURSEMENTS, AND PREMIUM EQUIVALENTS FROM ADMINISTRATIVE SERVICE CONTRACTS; (D) SHALL BE SUBJECT TO THE RATE FILING AND APPROVAL REQUIREMENTS CONTAINED IN SECTIONS 608 THROUGH 615 OF THE NONPROFIT HEALTH CARE CORPORATION REFORM ACT, 1980 PA 350, MCL 550.1608 - 550.1615; AND (E) SHALL COMPLY WITH THE TERMS OF ANY AGREEMENT ENTERED INTO WITH THE ATTORNEY GENERAL.